



STATE OF WEST VIRGINIA
OFFICE OF THE ATTORNEY GENERAL
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CONSUMER PROTECTION DIVISION
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Press Release

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ATTORNEY GENERAL DARRELL MCGRAW SENDS EARLY CHRISTMAS PRESENTS TO MORE THAN 3,000 WEST VIRGINIANS

Attorney General Darrell McGraw announced that refund checks totaling \$1.5 million will be mailed today to West Virginia consumers who have had home loans with Household or Beneficial Finance. The refunds are being provided under the terms of a Consent Judgment entered in Kanawha County Circuit Court on December 17, 2002. This summer all Household borrowers who obtained a mortgage loan directly from Household from January 1999 through September 2002 were sent claim forms to participate in the refund program. Refund checks will be mailed to the consumers who returned the claim forms by the deadline.

The consumer payment program stems from the landmark settlement between Household International and the attorneys general of all 50 states and the District of Columbia. Household International, through its subsidiaries Household and Beneficial Finance, is one of the nation's largest sub-prime mortgage lenders. The settlement resolved an investigation by the states into allegations of unfair and deceptive mortgage lending practices by Household. The states alleged that Household had overcharged borrowers with fees and interest and had misled borrowers about other loan terms such as prepayment penalties and credit insurance.

Under the settlement Household agreed to pay \$484 million to the states to be distributed to eligible Household borrowers. The monetary settlement was the largest ever obtained by state attorneys general in a consumer protection case. Attorney General McGraw stated, "This settlement should send a message to all lenders - comply with the law or risk being liable for millions of dollars in restitution and civil penalties."

As part of the settlement, Household also agreed to implement a series of reforms in its lending operations. Court injunctions in place in all 50 states restrict prepayment penalties on current and future home loans, prohibit loan "flipping," limit up-front points and origination fees, and improve loan disclosures.

The West Virginia settlement distribution plan provides for payments to all Household borrowers based upon the number of unfair lending practices connected to each borrower's loan. Eligible West Virginia consumers will receive refund checks in amounts ranging from \$184 to \$2,000.

Consumers who have questions regarding this settlement distribution may contact the Attorney Generals Consumer Protection Division by calling 1-800-368-8808 or 304-558-8986 or by e-mail at consumer@wvago.state.wv.us.

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